

13 November 1953

DCOP

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 [ ] Contact Report #53-36, 10 November 1953

Meeting Arrangements:

1. a. As previously arranged by telephone, [ ] met the case officer at the latter's home at 2000 on 10 November 1953; the meeting lasted approximately two hours.

b. Nothing further to report.

Production:

2. Attached is a copy of VIN/6724 containing the intelligence information obtained at this meeting. In addition to the information contained in this report, additional items of information are discussed below.

3. [ ] commented that he had been told that Chancellor Raab had commented after reading the portion of the Gruber Memoirs contained in the issue of 3 November that he would have [ ] out of GRSFIMAL 2 within two weeks. [ ] also understands that Raab immediately requested Hans LAUDA, prominent industrialist and stockholder of GRSFIMAL 2, to terminate his subsidies to the newspaper. As [ ] pointed out, Lauda could only have answered that his subsidies to the newspaper had terminated in August of this year. (Comment: As the result of the Sanierung.) [ ] estimated that there is little that Raab can do to him at the moment; however, the Chancellor is likely to make things difficult for [ ] whenever he can. With regard to GRSFIMAL 2, the agent estimates that he has one of three courses of action open to him: get out of the newspaper business, arrive at an understanding with Raab, or continue in his present path. He does not consider it necessary to get out of the newspaper business; he would prefer to get out, however, to coming under GdVP control. [ ] plans to follow the third course of action, continuing to publish GRSFIMAL 2 as he has in the past, but for the time being he plans to move very cautiously and avoid further collisions with Raab and the GdVP. On the other hand, GRSFIMAL 2 will continue to combat nationalist tendencies, internal anti-democratic trends, and other undesirable "isms".

4. Through an agreement with G-19, GERTHNER has been kept out of the entire controversy, with the exception of a relatively non-partisan editorial of 5 November by Walter POLIAR. [ ] felt it unwise to involve G-1, which has problems of its own, and of course G-19 was pleased to have the newspaper remain neutral. One consideration in [ ]'s decision may have been the fact that if G-1 had also erupted, Knab might discover that G-3 had recently received a loan of \$1,000,000 from the Leondorferbank, a means by which the Chancellor might be able to cause trouble. Generally matters in Linz are progressing smoothly, with no immediate problems. G-6 will arrive in Vienna on 21 November, but Mr. Inu BEISER will be unable to accompany him. [ ] has received no information on the results of the audit as yet.

Operational Matters:

5. [ ] was well-aware that the case officer had requested a meeting to discuss the Gruber Memoirs, and commented to this effect as soon as he arrived. He appeared to expect the case officer to raise questions on a number of details and did not appear reluctant to answer fully. During discussion of the personalities involved, the case officer asked for the names of the people whom [ ] considered to have good American connections, in addition to himself and Gruber. He considered that Figl, although acquainted with a number of personages of influence, did not have any close American contacts of significance.\* He cited Rudolph STRECH, of the Press Section of the Foreign Office, as having good contacts with the conservative wing of the Republican Party, and specifically with the McCarthy sub-committee. He added that Martin FUCHS, present Ambassador to Belgium, also had very good connections in Washington and New York. He could not suggest any other members of the government in the happy position of having sound contacts in the U.S.

6. In the course of the meeting the case officer noted that while [ ] discussed most aspects of the Figl-Fischer Memoirs rather dispassionately, he became more emotional on the subject of possible efforts by Knab to muzzle QUENTIN 2, on his own desire to preserve the independent and liberal attitude of the newspaper, and on his desire to free the enterprise from the necessity of obtaining further subsidies from the industrial interests holding 50 percent of the shares. With regard to [ ]'s comment that he wished to free the newspaper from control through subsidies, he hastened to add that he considered this statement to apply only to Austrian groups, and that if he had intended to include the case officer's principals, he would not have made the statement at all.

Administrative:

7. Upon the case officer's query, [ ] stated that he would appreciate receiving the second installment of the QUENTIN 2 subsidy by 1 December.

Personal:

8. Nothing to report.

\* Should read: "He cited Rudolf STRASSER, of the Press Section of the Federal Chamber of Commerce."

Communications:

9. No definite meeting has been arranged; [ ] will be in Vienna until 16 November, when he leaves for a day in Linz. The case officer commented to [ ] in closing that his interest in the Memoirs might flare up again in the near future.

Security:

10. Nothing to report.

Case Officer Comments:

11. a. With [ ] it is always difficult to judge whether he has soon fit to include all the important elements in discussing a situation which affects him personally, although he is generally reliable on questions of fact. His explanation of his own failure to brief the case officer on the implications of the Gruber Memoirs was excused by the statement that he himself had not anticipated the uproar which had developed. Although this explanation was by no means satisfactory in view of his earlier comment that he had expected some excitement from the article on the Figl-Kristovics-Sender meetings, the case officer saw no profit in making an issue of the matter, merely commenting that he hoped that [ ] would give a better warning the next time he decided to set off a political firecracker.

b. With regard to [ ] a version of the entire matter the case officer cannot judge whether the explanation was complete. Mention has been made in earlier contact reports of Carnavel's ambition to publish a Vienna daily newspaper, which to a certain extent corroborates [ ] account of a Carnavel-Kraab entente. [ ] a account of his own political plans has also been discussed in previous meetings and is probably correct; in view of these plans it is difficult to understand why [ ] would have wittingly embarked on an escapade of this nature unless he had assumed as a matter of course that Gruber, being a cabinet minister in office would have cleared the publication of his memoirs with the head of his party and the chief of State. It is difficult to perceive what [ ] could have realistically expected to gain if we accept the thesis that he was following some deep-laid political plan; he does appear to feel strongly, however, on the subject of neutralism, and there has never been much love lost between Kraab and [ ], particularly since Kraab at the quietus on [ ]'s Kronzeitung project.

Distribution

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- 2 - FL
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